

7-19-1984

Montana Petroleum Association

Max S. Baucus

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(1) Subject*: **Appropriations/Budget**

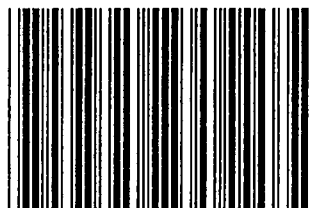
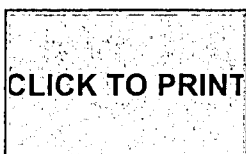
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(2) Subject* **Montana Petroleum Association**

DOCUMENT DATE*: **07/19/1984**

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* "required information"



BAUCUS

STATEMENT OF MAX BAUCUS
BEFORE THE MONTANA PETROLEUM ASSOCIATION
KALISPELL, MONTANA
JULY 19, 1984

BILL VOIGHT, D. VAN DEGRAFF, MEMBERS OF THE MONTANA
PETROLEUM ASSOCIATION.

IT IS A REAL PLEASURE TO BE WITH YOU IN KALISPELL THIS
MORNING.

AS YOU MAY KNOW, I SPENT THE EARLIER PART OF THIS WEEK AT
THE DEMOCRATIC CONVENTION IN SAN FRANCISCO.

AS A DEMOCRAT, PARTS OF THE CONVENTION INSPIRED ME.

BUT AS I WAS FLYING BACK HOME TO MONTANA, I COULDN'T HELP
BUT FEEL THAT SOME OF OUR BIGGEST CHALLENGES WERE NOT EFFECTIVELY
ADDRESSED IN THE MOSCONE CENTER.

AND THEY AREN'T ANY MORE LIKELY TO BE EFFECTIVELY ADDRESSED
AT THE REPUBLICAN CONVENTION NEXT MONTH IN DALLAS.

IT'S NOT THAT THE DEMOCRATS AND REPUBLICANS DON'T RECOGNIZE
THE CHALLENGES.

THEY DO.

DEMOCRATS AND REPUBLICANS ALIKE UNDERSTAND THE PROBLEM
PRESENTED BY OUR STAGGERING FEDERAL BUDGET DEFICITS.

DEMOCRATS AND REPUBLICANS ALIKE UNDERSTAND THE IMPLICATIONS
OF OUR NATION'S DECLINING POSITION IN INTERNATIONAL TRADE

COMPETITION.

DEMOCRATS AND REPUBLICANS ALIKE RECOGNIZE THE IMPENDING BANKRUPTCY OF OUR NATION'S MEDICARE SYSTEM.

BUT ALL OF THESE CHALLENGES DEFY PARTISAN APPROACHES.

PARTISAN RHETORIC DOESN'T EXPLAIN THESE PROBLEMS.

AND PARTISAN PROPOSALS WON'T SOLVE THEM.

THESE PROBLEMS ARE SO SERIOUS, THESE CHALLENGES ARE SO GREAT, THAT WE CAN ONLY SOLVE THEM BY PUTTING OUR DIFFERENCES ASIDE AND FINDING EFFECTIVE SOLUTIONS.

THAT IS WHAT OUR COMMON WELL-BEING REQUIRES.

AND THAT IS WHY THIS APPROACH IS THE CORNERSTONE OF MY CAMPAIGN FOR RE-ELECTION.

THE BUDGET FREEZE

MOST SIGNIFICANTLY, I HAVE BROUGHT THIS APPROACH TO MY EFFORTS TO GET THE FEDERAL DEFICIT UNDER CONTROL.

I HAVE JOINED THREE OTHER SENATORS - 2 REPUBLICANS AND A DEMOCRAT - TO CALL FOR A BI-PARTISAN, ACROSS-THE-BOARD SPENDING FREEZE.

WHILE OTHERS ARE TRYING TO ASSESS BLAME FOR THE DEFICITS, WE ARE EMPHASIZING THE NEED FOR A SOLUTION.

WHILE OTHERS ARE PROMOTING POLITICAL "ACID TESTS" TO UNDERScore THEIR DISTASTE FOR DEFICITS, WE ARE ACTUALLY WORKING

TO GET THE DEFICITS DOWN.

I AM SORRY TO SAY THAT SOME POLITICIANS OF BOTH PARTIES HAVE SHIED AWAY FROM OUR APPROACH.

SOME COMPLAIN IT'S TOO TOUGH ON SENIORS AND VETERANS.

SOME COMPLAIN IT'S TOO TOUGH ON THE PENTAGON.

BUT AS I TRAVEL AROUND MONTANA, I FIND THAT MOST PEOPLE ARE SO WORRIED ABOUT THESE DEFICITS, THAT THEY ARE WILLING TO HELP CONTRIBUTE TO THE SOLUTION AS LONG AS THEY ARE CONVINCED EVERYONE ELSE WILL TOO.

I KNOW A ONE-YEAR SPENDING FREEZE IS TOUGH MEDICINE.

AND I KNOW IN AN ELECTION YEAR, POLITICIANS DON'T WANT TO OFFEND THEIR CONSTITUENCIES BY PRESCRIBING TOUGH MEDICINE.

BUT I BELIEVE THAT MONTANANS, AND AMERICANS, ARE LOOKING FOR POLITICAL LEADERSHIP, AND THAT IS PRECISELY WHAT WE ARE TRYING TO PROVIDE.

I WILL CONTINUE TO FIGHT FOR THE BI-PARTISAN FREEZE, AND I'M CONVINCED THAT WITH HARD WORK, WE WILL ENACT IT.

THE DEFICIT REDUCTION PACKAGE

IN THE MEANTIME, I SUPPORTED EFFORTS TO ENACT WHAT'S BEEN TERMED AS A "DOWN PAYMENT" ON THE DEFICIT.

JUST YESTERDAY, PRESIDENT REAGAN SIGNED THAT LEGISLATION.

I WAS THE ONLY MEMBER OF THE MONTANA DELEGATION THAT VOTED

FOR IT.

CERTAINLY THERE ARE SOME PROVISIONS IN THE BILL THAT I DON'T LIKE.

BUT, WE CAN'T KEEP TALKING ABOUT THESE DEFICITS, AND NOT SUPPORT THE TOUGH MEASURES IT WILL TAKE TO REDUCE THEM.

SO, I FELT I HAD TO PUT MY VOTE WHERE MY MOUTH WAS.

AT THE SAME TIME, WE IN MONTANA CAN'T AFFORD TO SIT IDLY BY, AND PERMIT ANY DEFICIT REDUCTION PACKAGE TO WRECK HAVOC ON OUR STATE'S ECONOMIC INTERESTS.

FOR EXAMPLE, THERE WAS A PROVISION IN THE HOUSE BILL THAT WOULD HAVE DEALT A SEVERE ECONOMIC BLOW TO MONTANA.

THAT PROVISION WOULD HAVE SET A PER-CAPITA LIMIT ON MONTANA'S AUTHORITY TO ISSUE INDUSTRIAL DEVELOPMENT BONDS.

THAT PROVISION WOULD HAVE CRUSHED NEW INVESTMENT IN MONTANA. IT WOULD HAVE REDUCED OUR ABILITY TO ISSUE BONDS BY 40%!

AS A MEMBER OF THE CONFERENCE, I WAS ABLE TO OFFER A PROPOSAL TO PERMIT MONTANA AND OTHER SPARSELY POPULATED STATES TO ISSUE AT LEAST \$200 MILLION IN NEW BONDS EVERY YEAR.

UNDER THE LEGISLATION THE PRESIDENT SIGNED YESTERDAY, MONTANA WILL BE PERMITTED TO RAISE THE MONEY WE NEED FOR NEW JOBS AND NEW BUSINESSES.

I AM PROUD TO HAVE BEEN SERVED ON THE CONFERENCE AND TO HAVE BEEN IN A POSITION TO PROTECT MONTANA'S INTEREST.

YOU KNOW, IT ACTUALLY CREATED A LITTLE STIR BACK IN WASHINGTON WHEN RUSSELL LONG APPOINTED ME TO THE CONFERENCE COMMITTEE, INSTEAD OF SENATOR DANIEL PATRICK MOYNIHAN OF NEW YORK.

IT WAS RUMORED IN SOME CIRCLES THAT RUSSELL APPOINTED ME TO THE CONFERENCE TO PROTECT OIL AND GAS INTERESTS.

NOW, I DON'T KNOW WHAT WAS IN RUSSELL'S HEAD, BUT I CERTAINLY AM NOT IN A POSITION TO DENY THE RUMOR!

AND AS IT TURNED OUT, WE DID NEED TO PROTECT OIL AND GAS INTERESTS.

AS YOU KNOW, THE HOUSE BILL CONTAINED A PROVISION LIMITING DEDUCTIONS FOR "PREPAID EXPENSES," INCLUDING INTANGIBLE DRILLING COSTS.

THIS PROVISION WOULD HAVE AFFECTED MANY OF MONTANA'S OIL AND GAS OPERATORS WHO HAVE TO LINE UP ALL THEIR CAPITAL BEFORE THEY DRILL, JUST BECAUSE THEIR DRILLING IS SO RISKY.

IT WOULD HAVE UNNECESSARILY DISRUPTED COMMON, LEGITIMATE OIL INDUSTRY PRACTICES.

AS A MEMBER OF THE CONFERENCE COMMITTEE, I JOINED WITH SENATORS DOLE, LONG AND BENTSEN IN FIGHTING FOR THE SENATE PROVISION THAT COMPLETELY EXEMPTED OIL AND GAS DRILLING.

WHILE WE DIDN'T TOTALLY PREVAIL, WE WERE ABLE TO WORK OUT A COMPROMISE THAT CARVES OUT A SPECIAL RULE FOR OIL AND GAS DRILLING, PERMITTING PREPAID EXPENSE DEDUCTIONS AS LONG AS

DRILLING BEGINS WITHIN 90 DAYS.

IN COMMENTING ON THE COMPROMISE THE OIL INVESTMENT INSTITUTE WROTE ME RECENTLY NOTING:

"THE RESULTING PROVISION WILL CURB ABUSIVE SITUATIONS WITHOUT SUBSTANTIALLY INTERFERING WITH THE LEGITIMATE OUTSIDE CAPITAL FORMATION REQUIREMENTS OF INDEPENDENT OIL AND NATURAL GAS PRODUCERS."

I AM GLAD TO HAVE BEEN IN A POSITION TO GO TO BAT FOR MONTANA'S INDEPENDENT OIL AND NATURAL GAS PRODUCERS.

THE BAUCUS RECORD ON OIL AND GAS ISSUES

THIS OF COURSE, IS NOT THE FIRST TIME I'VE GONE TO BAT FOR YOU.

I HAVE A SOLID RECORD OF FIGHTING FOR MONTANA'S OIL AND GAS INDUSTRY:

O I SUPPORTED EXEMPTING THE FIRST 1,000 BARRELS PRODUCED EACH DAY BY AN INDEPENDENT PRODUCER FROM THE WINDFALL PROFITS TAX.

O I SUPPORTED A SPECIAL EXEMPTION FOR STRIPPER WELLS FROM THE WINDFALL PROFITS TAX.

O I SUPPORTED A REDUCED TAX ON OIL PRODUCED USING TERTIARY RECOVERED METHODS.

O I SUPPORTED LOWER TAXES FOR NEWLY DISCOVERED OIL.

O I SUPPORTED STREAMLINING TAX PAYING PROCEDURES FOR

INDEPENDENT PRODUCERS.

O I PROPOSED 50 CENT PER MILLION CUBIC FEET TAX CREDIT FOR NATURAL GAS PRODUCED FROM TIGHT SANDS FORMATIONS.

THIS IS A RECORD IN SUPPORT OF MONTANA'S OIL AND GAS PRODUCERS THAT I AM PROUD OF.

BUT I AM EVEN MORE PROUD OF THE FACT THAT I'VE WORKED MYSELF INTO A POSITION WHERE I CAN MAKE A DIFFERENCE.

AND I'VE EARNED THE REPUTATION AS AN EFFECTIVE, INDEPENDENT-MINDED, LEGISLATOR WHO FIGHTS HARD FOR HIS STATE'S INTERESTS.

CONCLUSION

AS YOUR SENATOR I WILL CONTINUE TO PROVIDE TOUGH AND EFFECTIVE LEADERSHIP.

IF THAT MEANS PUTTING PARTISANSHIP ASIDE TO ACHIEVE CONSENSUS, I'LL DO IT.

IF THAT MEANS PUTTING ASIDE OUR SELF-INTERESTS TO PROMOTE THE COMMON GOOD, I'LL DO IT.

IF THAT MEANS TAKING RISKS AND MAKING TOUGH DECISIONS, I'LL DO IT.

THAT'S THE KIND OF LEADERSHIP I BELIEVE IN.

AND IT'S THE KIND OF LEADERSHIP MONTANA NEEDS TO MEET THE CHALLENGES AHEAD OF US.

I ASK YOU FOR YOUR SUPPORT IN THAT EFFORT AND I AM EAGER TO
KEEP WORKING WITH YOU TO LEAD MONTANA FORWARD.

THANK YOU.